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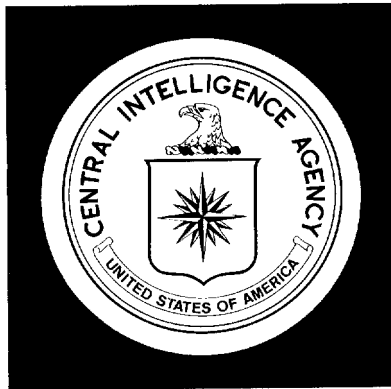
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Weekly Summary

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September 3, 1976

The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, the Office of Geographic and Cartographic Research, and the Directorate of Science and Technology.

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Comments and queries on the contents of this publication are welcome. They may be directed to the editor of the Weekly Summary

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Middle East- Africa



President Qadhafi

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EGYPT-LIBYA 1-2

In a clear effort to avoid provoking Egypt to either military or political action against him, Libyan President Qadhafi took a conciliatory tack in a speech on September 1, the seventh anniversary of his takeover. Although he had earlier threatened to break relations with Egypt and had hinted he might expel Egyptian workers in Libya if Egypt did not cease its military build-up on the border, Qadhafi did neither.

He did not refer specifically to the workers, and he announced that he would definitely not sever diplomatic ties. He attributed this decision to the Libyan people, mentioning it in the midst of a long

discourse on the "democratic base" of his government that seemed designed to convince Egypt and any Egyptian-supported coup-plotters that his regime is too firmly grounded to be toppled.

Qadhafi may not believe his conciliatory approach will deter the Egyptians, but by adopting this approach he portrays himself to the Libyan people and the other Arab states as the reasonable party to the dispute and Egyptian President Sadat as the unprovoked aggressor.

LEBANON

Syrian officials and Lebanese Christian leaders reviewed their joint strategy this week as fighting remained at a relatively low level. A Phalangist representative visited Damascus last weekend following a meeting of Christian leaders, and president-elect Sarkis held extensive talks with President Asad on August 31.

Neither Sarkis nor Asad issued a statement after their meeting—the first the two men have had. The two leaders doubtless discussed their ideas for peace negotiations, joint Syrian-Christian military options, and arrangements for Sarkis' takeover from President Frangiyah on September 23.

Sarkis is beholden to Syria for his election last May and has generally supported Syrian proposals for a settlement. He probably shares, however, the concern of other Christian leaders about Syria's ultimate intentions and recognizes that his effectiveness as president will depend on his ability to retain the confidence of the other parties to the conflict. His views on steps to end the war therefore may not have been in complete harmony with Asad's.

Beirut's leftist radio, for example, said Sarkis has asked the Syrians for a pledge to withdraw their forces—a pledge he may well feel he needs if he is to have any chance of resolving the conflict. The radio

also suggested that Sarkis is pushing for a step-by-step approach to reconciliation, apparently beginning with an effort to reach an accommodation between Syria and the Palestinians.

Sarkis and Asad probably also discussed the coming Arab League foreign ministers' meeting, now scheduled for September 4. The required number of Arab states agreed this week to hold an emergency summit meeting on Lebanon. The foreign ministers will concentrate on preparing the agenda and trying to set a time and place for the meeting.

Arab League mediator al-Khuli continued to press his own peace plan, but he suffered a serious setback when Palestinian leader Salah Khalaf rejected his proposal for a local truce agreement in the



President-elect Sarkis

Mount Lebanon area. The Palestinians, probably fearing that Christian extremists would not honor the truce, apparently concluded that they could not afford to jeopardize their positions in Christian territory, the loss of which would greatly reduce their bargaining power in future negotiations.

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15-7-8 President Machel (r) and Rhodesian nationalist leader Muzorewa

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MOZAMBIQUE-RHODESIA

Mozambican President Machel has summoned leaders of the feuding Rhodesian nationalist factions to a meeting in Maputo.

The hurried nature of the gathering strongly suggests that it is keyed to the scheduled meeting this weekend between Secretary Kissinger and South African Prime Minister Vorster.

Machel has leverage over the nationalist politicians because he controls their access to the guerrilla camps in Mozambique. He may be taking a tough line with them in yet another effort to coerce them into submerging their differences.

Machel probably coordinated the meeting of the nationalist leaders with Zambian President Kaunda when the two met in Mozambique last weekend. Kaunda and Machel, together with Tanzanian President Nyerere and Botswanan President Khama, have cooperated in the past in several abortive efforts to bring unity to the Rhodesian nationalist movement. (*An assessment of the prospects for nationalist unity appears on page 10.*)

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IRAN

The assassination on August 28 of three US civilians in Tehran ends several months of relative inactivity by Iranian terrorists.

The killings were probably the work of an extremist Muslim group, the People's Strugglers. This is the group that assassinated a US army officer in 1973 and two US air force officers in 1975. It is also responsible for killing several Iranian security officials and for numerous bombings.

The organization curtailed its activities after the arrest of the killers of the two Americans last year.

The most recent victims were civilians working for a private US company under contract to the Iranian government. Earlier American targets were members of the US official community in Iran.

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The terrorists apparently hope to provoke enough fear among the 17,000 nonofficial US citizens—including dependents—living in Iran to cause many to return home. Iran relies heavily on such foreign technicians and advisers to help carry out its modernization program.

The Strugglers represent ultraconservative religious groups that deplore the growth of alien influences in Iran. They regard the US as a main pillar of support for the Shah's government and, therefore, their enemy.

The Strugglers draw sympathy, recruits, and money from certain religious centers in Iran and from some merchants. They received help from the Iraqi government before the Iran-Iraq accord last year, but direct support from that quarter probably has ended. The Strugglers almost certainly have some links to Palestinian and other international terrorist groups, to dissident Iranian students abroad, and to a Marxist terrorist group operating in Iran.

Libya also provides aid, according to Iranian authorities. Immediately following the assassinations last week a clandestine "Radio of the Patriots" operating from Libya praised the killings as a "revolutionary execution."

Although it is likely to generate a far larger capital flow than the \$2 billion committed, it probably will fall short of the \$10 to \$12 billion in Arab financing that Cairo hoped to attract over the next five years.

KUWAIT

Emir Sabah al-Sabah on August 29 put an end to Kuwait's 13-year experiment in parliamentary government. He dissolved the National Assembly, suspended key sections of the constitution, and imposed tough controls on the press. There has so far been no popular reaction.

The moves apparently had been under consideration for some time and stemmed from the ruling Sabah family's concern that the disarray elsewhere in the Arab world might reach Kuwait. The Sabahs probably believed the government had to have a free hand to deal with any internal security problems.

The deputies in recent years had competed for supremacy with the ruling family and its proteges in the cabinet. Numerically, pro-government deputies dominated the Assembly, but opponents challenged the government on a variety of

issues and delayed proposals pushed by the government.

Crown Prince and Prime Minister Jabir al-Ahmed al-Sabah will soon form a cabinet to replace the one that resigned as a prelude to the move against the legislature. It is unlikely that the government will act quickly to re-establish the parliamentary system. One section of the constitution that was suspended required a new parliamentary election within two months of the dissolution of the legislature.

The Emir has indicated that a committee of experts has been established to propose constitutional changes. The commission is to report back within six months; the Emir's decree held out the possibility of a constitutional referendum within four years.

The Emir's curbs on the press were designed to deny propaganda outlets for the partisans of Libya, Egypt, Syria, and the Palestinians who had bought off much of the Kuwaiti press. The Sabah family clearly is anxious to prevent the clashing appeals of those foreign interests from inflaming the passions of the heterogeneous Kuwaiti population, especially the large Palestinian community.

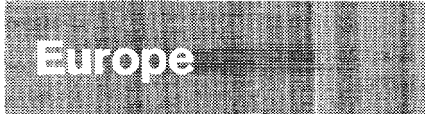


Emir Sabah al-Sabah

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CYPRUS 27-30

Greek Cypriots go to the polls on Sunday to elect a new House of Representatives. The election amounts to a contest between President Makarios and former House president Glafkos Clerides.

Makarios and his supporters insist that only a long, hard struggle and the internationalization of the Cyprus issue will bring enough diplomatic, economic, and moral pressure on the Turks to force them to agree to a settlement satisfactory to the Greek Cypriots. Clerides argues that UN resolutions are no substitute for a genuine effort to test Turkish intentions with realistic proposals and that Greek Cypriots must look to the West for assistance and not to the nonaligned or communist states.

Clerides will be hard pressed to make a respectable showing in the popular vote because of the winner-take-all election system and the array of leftist and centrist forces rallying behind Makarios. It will be even harder for Clerides to win more than a few of the 35 seats at stake.

Makarios called for the election in response to leftist pressure and his own

desire to weaken Clerides. The left views Clerides as the de facto leader of the right. Makarios regards Clerides and his supporters as a threat to his own position.

Makarios has worked out an election deal with the Communists, the Socialists, and a new pro-Makarios centrist party, the Democratic Front. Under this arrangement, each of the parties has agreed to contest only some of the seats at stake and to support the candidates of the other two parties for the remaining seats in almost all of the districts. The Communists are contesting 9 seats, the Socialists 6, and the Democratic Front 21.

Clerides' Democratic Rally has candidates running for 34 seats. Makarios did make some last minute overtures to Clerides aimed at reconciliation and limited cooperation but was rebuffed.

Clerides is determined to turn the election into a clear test between his views and those of Makarios, even if it means the end of his political career. If he gets even a mildly encouraging showing on Sunday, he would hope to challenge Makarios in the 1978 presidential election.

The degree of anti-Makarios sentiment among the voters will determine how well Clerides does. Clerides' prospects will rise if most of the 29 percent of the voters who abstained in the lackluster election in 1970 rally to his cause on Sunday and if some of the supporters of the pro-Makarios parties ignore the pre-election

agreement of their leaders and cast at least some of their ballots for Clerides' slates.

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SPAIN 31-32

Spain has announced a package of mild economic austerity measures that will do little to ease inflation or reduce the trade deficit.

Inheritance and luxury taxes, except on autos and tobacco, will rise 10 percent. Gasoline prices will increase 7 percent to \$1.65 per gallon.

The government considers these measures deflationary. We believe they will not cut consumer spending enough to make much of a dent in Spain's 22-percent inflation rate.

Prime Minister Suarez has avoided stronger measures because he heads a transition government. He has said that broad tax reform and firm wage guidelines will be imposed only after the installation of a government with a popular mandate next summer. Suarez is giving priority to political peace and trying to appease labor with expansionary policies and sizable wage increases. (*An assessment of the government's political liberalization program appears on page 15.*)

The new measures will have little impact on the balance of payments. Demand for gasoline is relatively immune to price changes while luxury goods account for only a small share of total imports.

The payments situation so far in 1976 is slightly improved compared with last year, but is likely to worsen in the second half, as drought hurts trade in agricultural products. For the year as a whole, we expect a current-account deficit of about \$3.5 billion, up from \$3.2 billion in 1975.

In a related move, Madrid has announced creation of a \$180-million fund to supply credits to developing countries for the purchase of Spanish goods in 1977. Madrid hopes that these credits will develop new markets.

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Glafkos Clerides



President Makarios

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ITALY-WEST GERMANY

West Germany has agreed to renew the \$2-billion, gold-backed loan to Italy originally scheduled for repayment on September 5. Italy's present foreign exchange holdings would have permitted only partial repayment.

The amount of gold pledged against the loan apparently will be increased to offset the decline in the market price of the metal. A West German spokesman stated that Bonn expects Italy to honor its economic and political obligations, particularly its promise to dismantle current restrictions on trade as soon as possible.

With the current market price of gold around \$104 an ounce, the West Germans might insist that up to 24 million ounces instead of the present 16.6 million be set aside for security. Italy's present gold holdings are estimated at about 90.5 million ounces.

The final details of the rescheduling, including the amount of new security, are to be negotiated by the West German and Italian central banks.

Beginning in 1972, and especially in 1974, Italian governments covered widening payments gaps by international borrowing rather than by trying to reduce them through domestic austerity measures. With ample foreign exchange and massive gold holdings, Italy felt its credit was assured.

Heavy borrowing has now all but excluded Italy from the Euromarkets, and the decline of the price of gold has reduced the value of Italy's gold holdings as collateral.

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36-41

TURKEY-GREECE

Turkey announced September 1 the fourth area of operation for its research ship the Sismik I. The latest mission, which began Wednesday and is to continue through September 25, is likely to heighten Greek-Turkish tensions again.

According to a Turkish navy announcement, the Sismik I will avoid Greek territorial waters during this mission. The area of operation delineated in the announcement, however, encompasses substantial portions of the Greek-claimed continental shelf—some of it west of Greek islands along the Turkish coast. The area comes close at one point to the Greek mainland and includes zones where Greece and Turkey have granted overlapping oil concessions.

The new Turkish move seems certain to delay the bilateral negotiations tentatively set for mid-September by the Greek and Turkish foreign ministers following last week's UN resolution on the Aegean. Greece had told Turkey that it would be

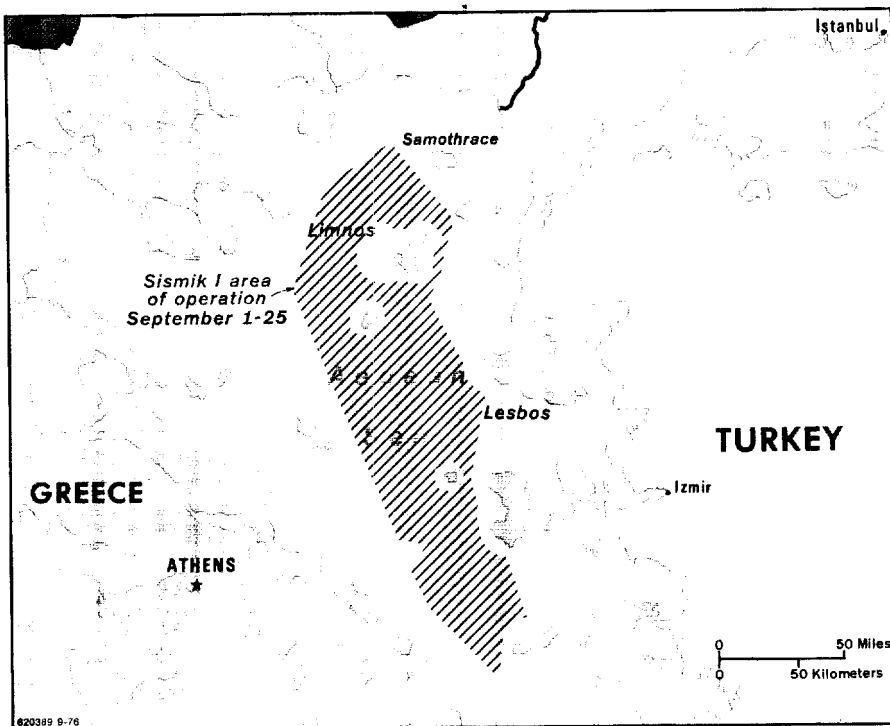
difficult to negotiate while the Sismik I continued its research.

Greece also is unlikely now to look with favor on the Turkish demand that the Greeks withdraw their application to the International Court of Justice for adjudication of Aegean seabed problems before negotiations begin. The Greeks had informed the Turks earlier this week they would be willing to ask the Court to set the matter aside pending bilateral talks. Athens completed its presentation to the Court last Saturday.

Both sides will be alert to the possibility of incidents arising from the activities of the Sismik I and a Greek naval exercise in the northern Aegean, which is scheduled to continue through September 12.

Most Greek and Turkish military forces are believed to be at about normal levels of readiness. In the wake of Wednesday's announcement, Greece and Turkey probably will increase the alert status of some military units.

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**UNITED KINGDOM**

The labor movement's concern over the state of the British economy will be the main theme of the annual meeting of the Trades Union Congress next week. The chief topic of debate will be the need for the government to do something about unemployment—now at the highest level since World War II. Other issues, such as cuts in public spending, long-term wage restraint, and industrial democracy, will also be highlighted.

The Congress leadership should have little difficulty winning approval of the new "social contract," the social-economic principles governing the alliance between the unions and the Labor Party. Nor should the union leaders encounter problems in getting the unions to re-endorse the current wage guidelines. A motion challenging the guidelines will attract little support.

Unemployment hit a high of 1.5 million in August. The jobless rate will probably begin to decline gradually around the turn of the year, but the prospect of persistent, high unemployment will cause additional strains in relations between the government and its union allies.

The disquiet is highest among public sector unions; their members will bear the brunt of planned government cuts in public spending. They have been lobbying the powerful manufacturing-based unions to resist further attempts to cut the budget. As an alternative to additional spending cuts, one public service union is calling for import controls and tightened currency exchange regulations.

Chancellor of the Exchequer Healey is not likely to be pushed into shifting policies at a time when curbing inflation still takes priority over reducing unemployment swiftly. There have been some hints, however, that the government may be willing to give unions a formal role in initiating investigations of alleged dumping by foreign manufacturers.

The meeting should provide a clear indication of union sentiment on wage controls after "phase two" pay guidelines expire next summer. Most union leaders op-

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pose a third round of formal wage curbs, but they also recognize the need for an "orderly return" to free collective bargaining in order to avoid a wage explosion that would set off another inflationary spiral.

The Congress will debate worker participation in industrial decision making. Some strong unions reject the leadership's proposals for 50-percent worker representation on company boards of directors. An attempt will probably be made to patch over differences on this contentious issue.

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Soviet Union

43-45 CULTURAL POLICY

Moscow's art community has inaugurated the cultural season with an unusual exhibit that somewhat extended the official limits of acceptable art, but that also revealed the sophisticated tactics used by the authorities to split the ranks of dissident artists.

The 10-day, officially sponsored exhibit that closed this week contained about 120 paintings by 12 artists. Although the exhibitors are members of the artists' union, all but one have participated in past exhibits of "unofficial" art. The works displayed were tame by Western standards, but the abstract themes and novel techniques represented were a sharp departure from doctrinaire "socialist realism."

The exhibit does not mean that long-standing Soviet cultural doctrine has been abandoned. Instead, it illustrates the continuing pragmatism of Soviet cultural policy, which now stretches ideological canons in order to achieve its wider goal of disorganizing, isolating, and ultimately liquidating dissidence of any kind. The authorities have progressed from the crude disruption with bulldozers of the outdoor show of dissident art in September 1974 to limited official spon-



Unofficial art show in Moscow last September

sorship of "unofficial" art and now to official acceptance of some unorthodox works.

The latest exhibit is one result of a long and apparently successful drive by the authorities to co-opt most dissident artists and to leave the remaining handful of rebels to wither from lack of publicity. One member of this minority says that 150,000 rubles (about \$200,000) has been earmarked—he believes by the KGB—for "buying off" unofficial artists with favors that include all-expense-paid trips and vacations in the USSR. Various

organizations reportedly are making unprecedented offers to buy works of unofficial artists. These offers are accompanied by promises of officially organized exhibits and subtle pressures to join the artists' union.

Those few artists who remain intransigent have been harassed. There are rumors in Moscow that some of them may attempt a dramatic gesture of some kind on the anniversary on September 15 of the bulldozing incident. An attempted commemoration last year fizzled.

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42 TU-95 Salvage Operation

Several Soviet ships are still conducting salvage operations in the Atlantic off Newfoundland in an attempt to recover the wreckage of the TU-95 naval reconnaissance aircraft that crashed there on August 4.

The ships—a submarine rescue unit, a salvage tug, and a hydrographic research ship supported by an oiler—have been using scuba divers and manned diving bells as well as dragging operations to locate and examine wreckage. Although some debris was recovered by the Soviets

early in the search, recent efforts apparently have not been successful.

The Soviets are concerned that sensitive equipment aboard the aircraft may be recovered by the US or Canada. The water where the crash occurred is only about 185 meters (600 feet) deep. The TU-95 was equipped with sensors and communications equipment that could provide us with useful information on Soviet surveillance capabilities.

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East Asia-Pacific

KOREA

58

Tensions created by the incident on August 18 at Panmunjom continued to ease this week as talks proceeded on North Korea's proposal for separating armed personnel in the joint security area, as the US cut back on its show of force, and as Pyongyang further reduced the alert status of its forces.

Given Pyongyang's proposals for new security arrangements in the Panmunjom joint security area, and the apparently serious approach of its representatives, North Korea seems interested in concluding an early agreement.

Additional evidence of North Korea's desire not to aggravate the situation was reflected in its handling of a fishing boat incident off its east coast on August 30. It seized a South Korean boat that strayed into its waters, but has not, as in the past, attempted to exploit the incident as a US-South Korean provocation. The North Korean Red Cross responded promptly, offering to cooperate in early release of the boat and crew. This moderation may reflect concern that the UN command—under pressure from Seoul—might condition agreement in separating the security forces of both sides at Panmunjom on prompt release of the boat.

The North Koreans have also taken some of the shrill rhetoric out of their propaganda, although they continue to warn that the danger of a US-provoked war is increasing. The propaganda indicates that North Korea still hopes to gain political advantage from the Panmunjom incident in order to increase pressure for US troop withdrawals, especially in the third world, and help to defeat a pro-South Korea resolution at the UN General Assembly this fall.

China and the USSR have continued their cautious handling of the affair. In its first comment on Korea since August 18,

Moscow this week glossed over what happened at Panmunjom, but did note that the current tensions have made North Korea's UN resolution even more timely. The Chinese have still made no official comment on the incident, but have expressed general support for Pyongyang's position at the UN.

CHINA

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China has little chance of matching last year's mediocre grain output of about 260 million tons, excluding soybeans, unless the weather improves markedly.

The early grain harvest appears smaller than expected. The fall-harvested grains, especially intermediate and late rice, were sown late. If fall weather comes early this year the 1976 grain output will be far below that of last year.

The Chinese needed a better than normal early grain harvest this year, especially in southern China, because the 1975 late rice crop was poor in some areas, and unusually low temperatures throughout the winter and spring of 1975-1976 reduced the output of winter vegetables and other important supplemental foods.

Normally, grain supplies are tightest in the spring and summer prior to the beginning of the early harvest.

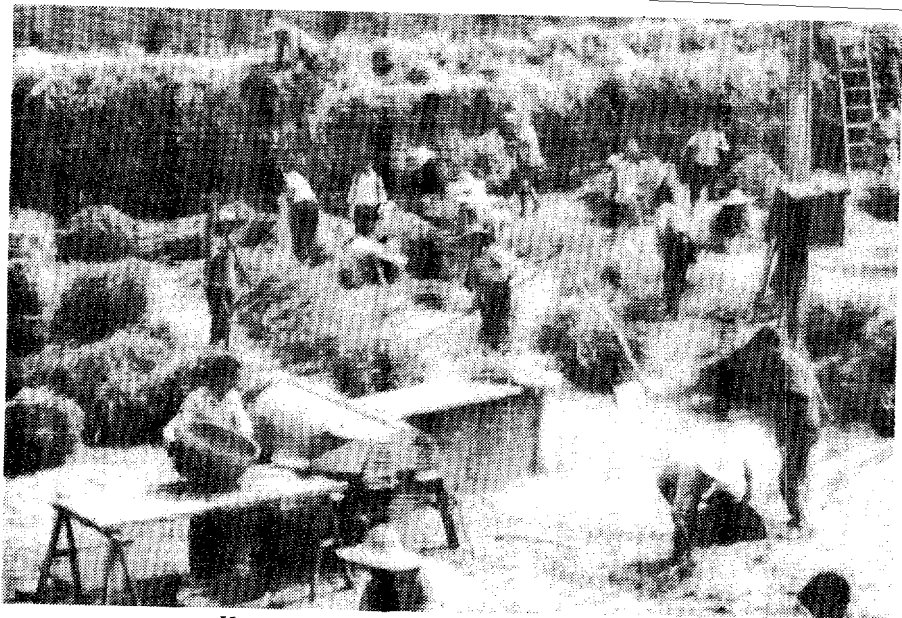
The spring-summer harvest got off to a poor start because of drought in northern China and prolonged rainfall in central, southern, and northwestern China at the time of seeding. Growth was retarded by a continuation of dry weather in the extreme north; most other areas received timely rain, but temperatures were the lowest in years. Rains delayed harvesting in most of northern China.

Early rice has been set back by an unusually late spring frost and unseasonably low temperatures throughout the summer. On balance, bad weather probably affected the early rice crop more than the spring-summer harvest.

Roughly 2 million tons of wheat are scheduled for delivery from Canada and Australia between April 1976 and March 1977. The Chinese have the option of purchasing another 2 million tons under long-term agreements with these suppliers.

China recently purchased at least 100,000 tons of Brazilian soybeans, apparently as a buffer against a short harvest of rapeseed.

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Harvesting rapeseed during a good crop year

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PHILIPPINES

62-63

The Philippine government has announced the capture of the country's second- and third-ranking Communist leaders. Bernabe Buscayno, better known as Commander Dante, was the commander of the New People's Army, the military arm of the pro-Chinese Philippine Communist Party. Victor Corpus, a Philippine military academy graduate, had defected to the Communists in 1970.

There is a strong possibility that both men were bought off by the government. Dante, a former Huk bandit, was never comfortable with the young intellectuals who dominate the Communist Party. Corpus apparently has been in custody for some time.

The government is likely to use the two prisoners in the current treason trial of former senator Benigno Aquino—President Marcos' chief political rival who has been imprisoned since martial law was imposed four years ago. Aquino had an accommodation with rebels in his home area.

Government warnings that the Communist insurgency has the support of the "Christian left" and is still a threat suggest that Marcos may also be intending to step up intimidation of activist priests who have voiced opposition to his martial law rule.

The principal Communist leader still at large is chairman Jose Maria Sison, a bright young university instructor who went underground after breaking with the moribund pro-Soviet party in 1968. The estimated 1,600 regulars of the New People's Army are located primarily in northeastern Luzon and are generally contained by the Philippine armed forces. The Communist guerrillas have been overshadowed in recent years by the larger Muslim insurgency in the south.

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Unless some accommodation is reached among the rival black nationalist groups—and we see little prospect for lasting reconciliation—the eventual collapse of white rule will come with no widely accepted black leaders among the nationalists.

Rhodesia: Rivalry Among Insurgent Factions

The black Rhodesian nationalists remain deeply divided despite the success they have had this year in extending their insurgency against the Smith government. The rivalry among opposing factions appears to be growing, spurred by the prospect of an independent black government that each hopes to dominate.

Unless some accommodation is reached—and we see little prospect for lasting reconciliation—the eventual collapse of white rule will take place with no widely accepted black leaders among the nationalists. The result could be almost as bad as Angola after the Portuguese left.

The Zimbabwe People's Army or "third force," the organization that the Tanzanian and Mozambican presidents are promoting as an alternative to Rhodesia's squabbling nationalist groups, has been primarily responsible for the guerrilla war this year.

This group, however, has become dominated by a single political faction and one tribal group; insurgents of rival factions who were brought into the ranks of the "third force" are deserting, some to start insurgency operations under new banners.

Divided from the Beginning

The Rhodesian nationalist movement has been divided almost from its inception in the 1950s by tribal and political differences as well as by sharp personal rivalries. Two groups have struggled for predominance since the early sixties.

The Zimbabwe African People's

Union, led by Joshua Nkomo, emerged in 1961. Two years later, discontent over Nkomo's reliance on the British to gain majority rule led Ndabaningi Sithole to break away and form the Zimbabwe African National Union.

In December 1974, the rival nationalist leaders, just released from 10 years in Rhodesian jails, agreed to join with Bishop Abel Muzorewa of the African National Council—a noninsurgent group formed in 1971 that operated legally inside Rhodesia—in an expanded African National Council.

The merger and a truce in the guerrilla fighting were imposed on the nationalists by presidents Kaunda of Zambia, Nyerere of Tanzania, and Khama of Botswana, and Samora Machel—leader of the victorious nationalist movement in Mozambique and now president of that country. The four African leaders were then involved in a joint effort with South African Prime Minister Vorster to promote a negotiated settlement for Rhodesia.

Failure of a Unity Effort

The merger began to fall apart almost immediately as Nkomo and Sithole vied for power with each other and with the external leaders of their own factions who had been in exile while the two were detained in Rhodesia. Nominally, the Council still exists—but Nkomo and Muzorewa, who is now allied with Sithole, both claim to be its legitimate head.

The failure of the 1974 merger prompted Nyerere and Machel last November to form a "third force"—the Zimbabwe People's Army. This unity ef-

fort, too, seems to have failed. The plan was to bypass Nkomo and Sithole, as well as Muzorewa, and create a unified guerrilla force composed of insurgents from the ranks of both ZAPU and ZANU.

Positions in the military high command of the new organization were evenly allocated to members of the two groups, but from the beginning ZANU forces heavily outnumbered those of ZAPU. ZANU had important advantages. It had some limited experience in guerrilla fighting between 1972 and 1974, while ZAPU has not had a credible guerrilla force in the field since the late 1960s.

ZANU had the further advantage of drawing its main support from the Shona-speaking tribes, which represent over 70 percent of Rhodesia's black population. ZAPU has always drawn most of its adherents from the Ndebele-speaking tribes, which represent only 15 percent of Rhodesia's blacks.

ZANU's military commander, Solomon Mutuswa, apparently is the field commander of the the Zimbabwe People's Army, and other ZANU leaders now hold most of the key positions in its military structure. Most of the guerrillas consider themselves members of ZANU's military arm, the Zimbabwe African Liberation Army, rather than of the unified organization.

The rivalry among the insurgents is further complicated by the fact that ZANU itself has largely come under the control of the largest Shona-speaking subgroup, the Karangas, while members of

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rival subgroups have been forced either to accept Karanga leadership or leave ZANU camps.

The Karangas have long supplied the bulk of ZANU's military forces, but until 1975 a disproportionate number of positions in the organization's central committee were held by members of another major Shona subgroup, the Manyika.

Interneicine Fighting

Early last year, armed clashes broke out between the Karanga and Manyika exiles in Lusaka, Zambia. More than 200 ZANU members were killed and several Manyika central committee members were kidnaped and shot by Karangas. The fighting culminated in March 1975 with the assassination of Herbert Chitepo, a Manyika who lived in Lusaka and had directed the insurgency from 1972 to 1974.

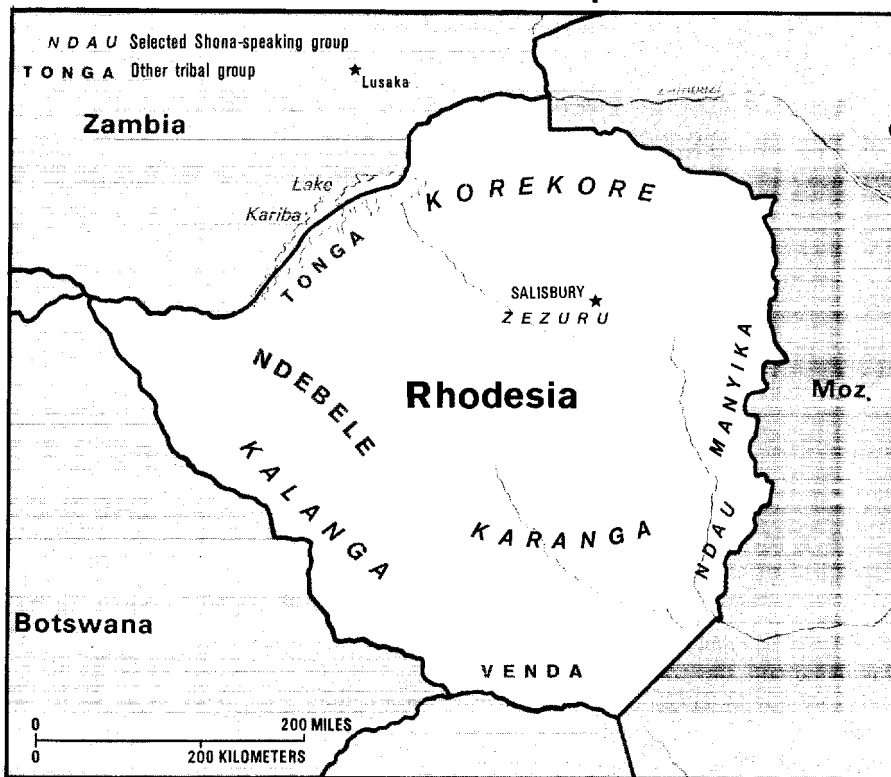
Zambian President Kaunda arrested 57 ZANU leaders, mostly Karangas, in connection with Chitepo's assassination. Despite continuing Karanga protests, they are still in Zambian prisons awaiting trial.

Although a number of Karanga leaders were jailed, the fighting left the Karangas in almost complete control of ZANU. Most of the Manyika leaders who survived left ZANU to join Muzorewa's faction of the African National Council.

Ndabaningi Sithole, ZANU's founder and a non-Karanga, was virtually exiled from ZANU by the Karangas for associating with Muzorewa and for failing to press the Zambian government for the release of the Karangas imprisoned in Zambia.

When new appointments to ZANU's central committee are confirmed sometime in the next few months, Karangas almost certainly will hold most of the seats.

Rhodesia: Selected Tribal Groups



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Joshua Nkomo's Group

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ZAPU fighters were never effectively integrated into the Zimbabwe People's Army.

Joshua Nkomo may now be in the process of developing an independent

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Bishop Muzorewa (l) and Ndabaningi Sithole

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guerrilla force in Zambia under the patronage of President Kaunda.

Muzorewa's faction is fairly representative of Rhodesia's tribal groups in its top leadership though the Karangas are underrepresented. Muzorewa himself is a Manyika. 25X1

Muzorewa Faction

The relatively few guerrilla supporters of Bishop Muzorewa—he does not have an organized military group behind him—have also had their problems with the leaders of the Zimbabwe People's Army and its Mozambican sponsor.

More than 200 members of Muzorewa's faction were disarmed, temporarily imprisoned, and then sent to Mozambican farms near the Malawian border.

Muzorewa is working hard to build up his organization inside Rhodesia, where he probably has significant support among Manyikas and may have the largest popular following of any of the nationalist leaders. He has not, however, been able to translate his support there into military strength rivaling that of ZANU. Many of ZANU's non-Karanga guerrillas might support Muzorewa as their leader, but Muzorewa has had virtually no access to the guerrilla camps, and the Karangas have suppressed any of

GAMMA



Joshua Nkomo

his open supporters.

Prospects

The tribal divisions will remain a serious obstacle to nationalist unity as long as one group tries to dominate the insurgents and as long as guerrilla warfare continues. There are no real prospects now for a lasting reconciliation between ZANU's Karangas and their political and tribal rivals.

Karanga leaders have consistently held the view that their people have borne the brunt of the guerrilla war and therefore should be the leaders of Rhodesia after black rule is won.

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For the first time since 1947, the Communists share responsibility for an Italian government. If the minority Christian Democratic government succeeds in enacting key legislation, and if that success is seen as a by-product of cooperation with the Communists, pressure will build for an expansion of rapprochement between the two parties.

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As Italian politicians return from their traditional August holiday, they encounter a political landscape vastly different from the one they knew prior to the sharp Communist election gains in June.

Before June, the basic characteristics of Italian politics were:

- The Christian Democrats, Italy's largest party by a wide margin, played the dominant role in the government.
- The Communists, the second largest party, dominated the opposition.
- The remaining parties, except for the neo-fascists and other fringe groups, alternated as supporters or coalition partners of the Christian Democrats.

The difficulties Prime Minister Giulio Andreotti met in winning approval for his Christian Democratic minority government last month demonstrated how sharply the election outcome had altered Italian politics. Although they remain the largest party, with 38.7 percent of the vote in June, it is clear that the Christian Democrats no longer dominate the political arena.

Because of the poor showing of the smaller parties and the Communists' steep gains—from 27.2 percent of the vote in 1972 to 34.4 percent this year—Andreotti was able to win a parliamentary confidence vote only because the Communists agreed to abstain.

The Communist decision, in turn, has blurred that party's traditional opposition status, the more so because it was the

Italy: Changed Political Situation

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determining element in Andreotti's installation. With the abstention, the Christian Democrats would have won a majority even if all the other parties had voted against Andreotti.

Moreover, none of the smaller parties that had allied with the Christian Democrats at one time or another agreed to support them in the confidence vote. The Socialists, Social Democrats, Republicans, and Liberals chose instead to join the Communists in abstaining.

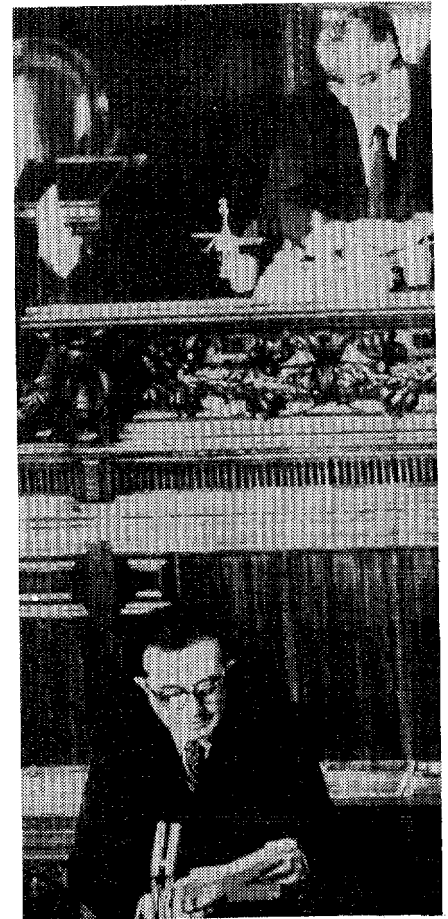
Andreotti's government is thus a transitional and experimental one that breaks most of the old game rules. All Italian politicians, including Andreotti, acknowledge the government's temporary nature, but they are likely to differ sharply in the coming weeks over what should come next.

Most Christian Democrats will be trying to rebuild ties to former coalition partners in the hope of reviving some semblance of the old order. The Communists, on the other hand, will try to build on the Andreotti experiment to move closer to actual government membership. What finally happens will depend not only on internal and inter-party dynamics, but also on how well the Andreotti government performs.

The Communists

The Communists face unprecedented opportunities and some serious risks.

They are the only party to have gained substantially from the lengthy maneuvering prior to Andreotti's installation. As it became apparent that Communist cooperation would be essential to form a government, the party was able to press



Prime Minister Andreotti (speaking) and Communist president of the chamber of deputies Pietro Ingrao

successfully for key parliamentary posts that had always been the preserve of the governing parties.

One of the Communists' most ex-

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perienced legislators was elected president of the chamber of deputies. In addition, the party emerged from the bargaining over parliamentary committee assignments with the presidencies of 7 of the 26 permanent committees. This will probably give the party more influence in certain areas of domestic policy than it would have won with two or three minor cabinet portfolios—although the latter would carry more symbolic importance.

As chairmen of parliamentary committees on finance and budget, for example, the Communists will exert major influence on all economic and fiscal legislation. The committees review all bills and can make major changes before they are debated on the floor. Committee presidents, moreover, may slow down or expedite the progress of any bill.

Even on other matters, Andreotti will have to take Communist views into account. Parliamentary arithmetic gives the Communists the power to defeat any bill, or even turn Andreotti out of power, unless the Prime Minister can line up offsetting support among the Christian Democrats' former allies.

The Communists have paid a high price, however, for their new influence. No amount of rhetoric about the inadequacies of Andreotti's government can disguise the fact that the Communists permitted it to be installed, thereby forfeiting any claim to bear no responsibility for government actions.

Many party militants must be uneasy over the new role their leaders have mapped out for a party that, after all, scored major gains in the election as an orthodox opposition party. The Communist leadership will have to devote considerable time to explaining the subtleties of the new policy to the rank and file.

The Communists have thus invested considerable political capital in the government and would have little to gain from frustrating Andreotti or from bringing him down soon. Indeed, it would appear to be in the Communists' interest to ensure that something positive emerges from Andreotti's tenure. Andreotti's early failure could damage the party's reputa-

tion as a force for change and dampen the enthusiasm of the party's supporters.

Although the Communists can be expected to drive a hard bargain in any negotiations with Andreotti, they will also look for points of convergence as justification for more progress toward Communist chief Berlinguer's "historic compromise"—an eventual governing alliance with the Christian Democrats.

The Christian Democrats

The Christian Democrats face a dilemma that is likely to test the party's cohesion severely. On the one hand, they will have to seek Communist cooperation if Andreotti is to accomplish anything; on the other, they will be trying to lay the groundwork for another coalition closed to the Communists.

In the past, the Christian Democrats have consulted the Communists informally and behind the scenes in parliament to secure their cooperation on specific issues. The distribution of committee presidencies alone ensures that this process will become more overt and formal in the new parliament. Every committee chaired by a Communist, for example, is chaired by a Christian Democrat in the opposite house.

This juxtaposition will force the two parties into closer liaison, for bills must be reviewed by relevant committees in the senate and the chamber and approved by both houses.

In these circumstances, Andreotti obviously will have to walk a thin line if the Christian Democrats are to maintain a united front and argue convincingly that another non-Communist coalition is feasible. In the end, the Christian Democrats' strongest card may be their former allies' fear that continued intransigence could encourage the Christian Democrats to opt for a formal alliance with the Communists.

The Christian Democrats are also beset with serious internal problems that were set aside during the election campaign but are now returning to the fore. The old guard is still in command, and competing factions complicate decision making, but pressures are mounting for organizational reforms and leadership changes to dispel

the image of a tired and corrupt organization.

For the moment, most Christian Democrats seem willing to accept the necessity of limited cooperation with the Communists to keep Andreotti afloat. If the Communists seem on the verge of



Bettino Craxi

parlaying the arrangement into a larger role, however, some influential Christian Democrats may begin a behind-the-scenes campaign to bring Andreotti down.

The Socialists

Christian Democratic efforts to escape dependence on the Communists will focus on the Socialists—the only party that can guarantee the Christian Democrats a non-Communist majority in parliament.

The Socialists have been unable to capitalize on their pivotal position, however, and were clearly the major losers in the post-election maneuvering. Stung by their failure to advance in an election they precipitated, they were little more than passive participants in the bargaining that led to the Andreotti government.

The Socialists' failure in the election plunged the party into a leadership struggle. Veteran Socialist leader De Martino was replaced quickly by 42-year-old Bettino Craxi, who comes from the party's right wing and is inclined toward seeking a deal with the Christian Democrats.

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He does not yet command a stable majority, however, and is still tied by the party's campaign program pledging support in the short term for an emergency government including the Communists and in the long term for an "alternative of the left."

The Christian Democrats' hope is that Craxi will be able to turn his party around and lead it back into coalition with them. This will probably take months, if it can be accomplished at all.

The Socialists' fundamental problem is how to remain a viable party in the face of the voters' surge toward the Communists. Most Socialists do not really want to share cabinet posts with the Communists, but they have concluded that leaving the Communists completely in opposition allows them to outpoll the Socialists among voters inclined to move left.

In the end, therefore, the Socialists are

likely to cling to at least a vestige of their demand for Communist association with the government.

As a condition for renewed participation in the government, for example, the Socialists may insist that the Christian Democrats agree at least to continue consulting the Communists formally on government programs. According to one Socialist leader, the party would insist that the Communists continue to abstain in parliamentary voting.

Outlook

Andreotti could stumble at any time, but the absence of alternatives to his government seems likely to keep it in place at least until late fall or early winter.

Perhaps the major determinant of the next government's complexion will be the nature of the relationship that develops between the Christian Democrats and Communists as Andreotti seeks to enact

key legislation. If he is relatively successful, and if that success is seen mainly as a by-product of Christian Democratic - Communist cooperation, pressure will build for an expansion of the limited rapprochement between the two parties.

The principal factor working in the opposite direction will be the Christian Democrats' unequivocal campaign pledge not to bring the Communists into the government. The non-Communist majority is divided and disorganized, however, and the Christian Democrats will not be able to hold the line for long unless they can find the basis for new unity.

Although the game is obviously not over, there are more factors now pointing toward Communist chief Berlinguer's "historic compromise" than at any time since he launched the proposal in late 1973.

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In his two months as Prime Minister, Adolfo Suarez has established a dialogue with the political opposition, alleviated some of the concerns of military leaders, and built widespread public support for the government's liberalization program.

87-97

Spain: Government's Reform Program

The new Spanish government has done much to overcome initial criticism and gain widespread support for its liberalization program.

The government must still overcome some difficult obstacles as it begins to implement its program this fall, but there are indications that Prime Minister Suarez has won crucial maneuvering room by significantly reducing the hostility and tensions that led to the dismissal of the previous cabinet.

The new government has succeeded where former prime minister Arias failed because it has made a stronger effort to involve the democratic opposition in its reform program and, aided by the direct involvement of King Juan Carlos, has

been more successful in dealing with the military hierarchy. Obstruction by the four military ministers on penal code reforms had reportedly threatened Arias with a major defeat in parliament on a bill crucial to the government's effort to change Spain's political system through existing institutions.

Strongly supported by the King, Suarez worked with the military ministers to hammer out a new government program that strongly supports democratic reforms. A compromise version of the penal code reform bill was then passed in mid-July, opening the way for the King's second royal amnesty for political prisoners.

Suarez also managed to persuade armed forces leaders to allow the amnesty to

cover military prisoners—notably conscientious objectors and members of the politically oriented Democratic Military Union.

The amnesty won valuable good will from the opposition, which had made the release of political prisoners a precondition to any negotiations with the government.

Leftists carped at the exclusion of terrorists—arguing that terrorist tactics, though abhorrent, were a response to Francoist brutality—but privately conceded that Suarez and the King had delivered on one of their most important promises concerning democratization. One opposition leader told US embassy officials that the government had "won the summer" with the amnesty.

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Dialogue with the Left

Even before the amnesty, Suarez had opened consultations with the opposition on democratic reforms—the first open contact between a Spanish head of government and the left since the Civil War. During the last days of July and the first two weeks of August, he met with most of the principal opposition Christian Democratic and Socialist leaders.

Suarez' three-hour meeting with Felipe Gonzalez, the charismatic young head of the major Socialist faction, the Socialist Workers Party, was particularly fruitful. The Socialist came away convinced that Suarez is committed to democratic elections in Spain and to continue consultations with the opposition on the shape and pace of reform.

Gonzalez told the US embassy that his party will participate in the government's program if Suarez follows through with the approach he outlined in their meeting. Suarez was equally impressed by the Socialist leader and has stated publicly that they see eye to eye on almost all problems.

One of the major issues on which the two are still far apart is the emotion-laden

question of Communist participation in the democratization process. The democratic opposition would prefer to have the Communists out in the open, but the government insists that its hands are tied by uncompromising military resistance.

Even here there has been progress this summer. In recent months the Communist Party has enjoyed much the same freedom as the democratic opposition. Many Communist leaders have returned from exile, and the recent amnesty has released others from prison. Perhaps to blunt criticism by the military, the government turned down requests for visas from exiled party President Dolores Ibarruri and Secretary General Santiago Carrillo.

The government's more relaxed attitude toward the party has coincided with a markedly softer line by Communist leaders. They have grudgingly praised the amnesty, toned down their criticism of the government, and formally called for negotiations. Some political observers have even inferred that the government and the Communists have reached a tacit agreement—perhaps including legaliza-

tion of the party some time after the parliamentary election scheduled for next spring.

In the meantime, the government has reportedly arranged to meet officially with the Communist-dominated Workers Commissions—a considerable change from the Arias government's refusal to have any dealings at all with the Communists.

The Suarez government has also extended the political amnesty to include workers dismissed from their jobs for political reasons, an indication that Suarez is concerned about potential labor unrest this fall as contracts come up for renewal.

Spain faces an annual inflation rate of over 20 percent, and official unemployment figures have moved up to 5.5 percent. Worried by predictions of a "hot autumn," Syndical Minister Enrique de la Mata has opened a dialogue with the major non-Communist labor confederation, the Socialist-affiliated General Workers Union, and will soon meet with other labor representatives.

These informal meetings are likely to lead to more formal negotiations on ground rules for labor reform.

The Basque Problem

There are other signs that the Suarez government's conciliatory approach is yielding dividends. In the troubled Basque provinces, for example, Madrid's more permissive policy toward political demonstrations and Basque national commemorations, combined with an encouragement of local government institutions, has improved the atmosphere considerably.

The new foreign minister, Marcelino Oreja, a Basque who is extremely popular in the region, is in a good position to act as a go-between for the government. Basques appear ready to go along with the government's program, providing it includes some special arrangement for their region.

Even the Basque terrorist organization, Basque Fatherland and Liberty, has avoided violence since the Suarez government took office, and—according to an



Communist Party leaders, released from prison under royal amnesty, celebrate with families and supporters

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influential news magazine—terrorist leaders have decided to move toward more overt, nonviolent political activity. The terrorists have spoken of negotiating a truce but have demanded as preconditions the release of all terrorist prisoners and the installation of a provisional Basque government.

These demands are clearly unacceptable to the Madrid government, and further violence is possible, but at least the terrorists seem to be rethinking their methods and goals in light of the new political situation in Spain.

Further Evolution

Political evolution in Spain has eroded the *raison d'être* of the Democratic Military Union, an illegal association of military officers espousing political liberalization. One of nine officers convicted last March of membership in the Union pointed out in a recent press interview that many of the goals of the Union have been endorsed in the published program of the new government.

Extremists in the military on both the left and the right may not be willing, however, to let the Union disappear quietly.

Suarez' open overtures to the left have exposed the weakness of the civilian far



Felipe Gonzalez

right, which—so far—has limited its response to strident criticism and slogan painting.

The most important result of the more relaxed political atmosphere is that it allows government and opposition to consider each other's positions rationally and to work toward compromises. The vagueness of the government's program allows ample room for negotiation.

The terms of the referendum on constitutional reform, which may be announced next month, will provide an important clue to how far the government feels it can go toward accepting the opinions it has solicited from the opposition.

In pursuing his declared goal of securing the participation of the democratic opposition in the liberalization process, Suarez is limited by the military establishment's sensitivity in three principal areas:

- He cannot move very far toward meeting regional demands for more autonomy without stepping on military concerns about national territorial unity.
- He cannot allow demonstrations or labor disturbances to get out of hand.
- He cannot make any overt moves toward legalizing the Communist Party.

If Suarez can maintain the delicate balance he has achieved between opposition demands and military concerns, there is a good chance that the momentum gained this summer will carry the government over the crucial referendum hurdle this fall.

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The military will continue to be the dominant political force in Uruguay following the inauguration of a civilian front man as president this week. Most Uruguayans give higher priority to economic growth and domestic tranquility than to the country's democratic traditions.

79-86

Uruguay: New President, Old Problems

Uruguay's new president, who took office September 1, will be primarily a front for a military junta that hopes to restructure the country's political system.

As president, Aparicio Mendez will take nominal charge of a nation that was

once a model democracy known for its high standard of living, its literate urban middle class, and one of the most developed social welfare systems in the world.

In the past 20 years, Uruguay has suffered from economic stagnation, balance

of payments problems, and weak, ineffective government as lavish social services overextended the country's essentially pastoral economy. An economic stabilization program has begun to turn the economy around, but the military does not intend to step aside soon.

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The military-controlled Mendez administration faces a cloudy future. The new president is not popular and has made a bad initial impression by appointing friends and old political hacks to posts in his government.

The capable outgoing minister of economy, Alejandro Vegh Villegas, and other top civilian officials are concerned about the new government's lack of commitment to political liberalization. One proposed decree—which would take political rights away from a number of individuals—is of particular concern.

Military-Civilian Friction

Disputes between the generals and civilian officials are not new. Former president Juan Maria Bordaberry, elected in November 1971, was removed from office in June after a long struggle for power with military leaders.

In cooperation with the armed forces, Bordaberry's government eliminated the Tupamaros, one of the world's best-organized urban guerrilla movements, drove the Soviet-backed communist party into hiding, destroyed the power of the communist-led labor movement, and deprived leftists of their sphere of influence in the university.

Even after this, the generals became convinced that corruption and Marxist infiltrators pervaded the country's political

and economic institutions. In 1973, military leaders announced that they intended to change Uruguayan society so that the country would no longer be vulnerable to internal and external threats.

The armed forces began playing an increasingly dominant role. Congress was closed and most traditional political activities suspended. Though ill-prepared and often reluctant to overrule the president, military leaders tried to govern through him. Because the lines of authority were vague, frequent disputes arose between the president and his aides on the one hand and the generals on the other.

After Bordaberry's ouster, military leaders began restructuring the political system. They chose 80-year-old Alberto Demicheli to serve as interim president and established a "Council of the Nation"—composed of 45 military and civilian leaders—to select a new president and begin drafting a constitution. In the meantime, the generals have ruled by issuing "institutional acts," following the example of their counterparts in Brazil.

The New Government

The Mendez government is made up of two chambers, a political one composed of senators, and an apolitical one composed of workers, businessmen, and the country's more important cultural figures. Political parties and labor unions will gradually be allowed a limited role in government, but the parties themselves will probably not be consulted concerning the "new order."

Under armed forces guidance, Mendez will continue the reforms—largely economic—that were initiated during the Bordaberry administration.

Bordaberry launched an economic stabilization program based on free market policies and trade liberalization. The plan has reoriented the economy from the earlier import substitution policy toward an export expansion program. These policies, combined with the recovery of world markets, seem likely to lead to an improvement in Uruguay's 1976 balance of payments.

Domestically, chronic budget deficits



Juan Maria Bordaberry

are being eased by efforts to remodel the antiquated social security system, denationalize selected public enterprises, and cut excess government personnel. The 1976 deficit has already been cut as a result of a reduction in consumer subsidies and better enforcement of the tax laws.

The National Development Plan has considerably improved economic conditions. Nevertheless, much remains to be done to curb inflation further and expand Uruguay's nascent agricultural and manufacturing industries.

Prospects

The amorphous but authoritarian system evolving in Uruguay runs counter to the country's tradition of democratic participation, but most Uruguayans give higher priority to economic growth and domestic tranquility.

Although the military pays lip service to an eventual return to representative democracy, a return to democratic government is probably years away.

Whatever the future structure of the government, the country's conservative foreign and domestic policies will continue in close step with those of the military governments in neighboring countries, and relations with the US will remain good.



President Aparicio Mendez

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West European governments and the EC are taking a variety of measures to deal with falling farm income and rising food prices, results of the continuing severe drought.

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Western Europe: Drought Measures

Continuing dry weather in Western Europe has led to a flurry of economic measures to deal with falling farm incomes and rising food prices.

France so far has initiated the most ambitious aid program. The cabinet, before its dissolution last week, decided to provide "immediately" about \$450 million to the most seriously affected farmers. Due to administrative delays, however, farmers will probably have to wait 30 to 45 days before receiving the allotted aid.

Direct payments will go to livestock producers based on the size of their herds and the intensity of the drought's impact on their operations.

Payments will be limited to a maximum of about \$1,200 per farmer. The repayment period for drought-related loans granted this year from the state-owned farmers' bank has been extended to seven years from the usual four. In addition, Paris will pay the interest charged this year on loans to young farmers in the most seriously affected areas.

The aid package is the first installment of an overall \$1.5-billion program to be announced on September 29. To pay for it, the government proposed that parliament increase direct taxes; only those on middle and upper incomes are likely to be affected.

On August 25, **West Germany** allotted \$24 million to drought-stricken farmers; comparable aid contributions from state governments are expected. About \$17 million of the federal funds will subsidize interest rates for farmer credits. The remainder will be dispensed as direct aid to the most needy farmers.

With the economic loss to the farm sector estimated at \$1 billion to \$2 billion and approximately 55,000 farmers in financial trouble, the aid program will be only marginally effective.

The **European Community** is continuing to ease import restrictions on agricultural products in an attempt to offset reduced domestic production and contain food price increases. Because vegetable prices are expected to be the most volatile, the EC Council has recently agreed to suspend import duties through the end of September on a variety of fresh vegetables.

While duties on frozen and processed vegetables will continue, persistent dry conditions may move the EC to suspend these levies as well. Those on potatoes had earlier been discontinued, and some grain import restrictions eased.

A special meeting of EC farm ministers is planned for September 9 to discuss the impact of the drought. The ministers will probably decide on additional measures to safeguard food supplies and contain price rises. They will probably also give their blessing to national farm aid measures but call for coordination at the Community level. The Commission has already indicated its willingness to allow as many national measures as possible to assist farms.

So far, the **UK's** major concern has been maintaining employment in industries facing water shortages. Drought conditions are so severe in south Wales that water supplies to industry will be cut 50 percent starting September 15. Households in the area already have their water supplies shut off for 17 hours a day.

Some local industry leaders are



Dried reservoir in English Midlands

warning of a return to a 3-day work week. The seriousness of the situation has prompted the government to appoint a water czar to coordinate conservation and supply efforts.

Some form of aid to British farmers appears imminent. London is most likely to accept a 10-percent devaluation of the "green pound"—the special exchange rate used in agricultural trade with the EC. This move would meet farmers' demands for higher support prices, as well as please other EC members who dislike subsidizing UK food imports.

The inevitable rise in food prices following such a move will create additional strains on the government's all-important relationship with its trade union allies.

Because the drought's impact has been less severe in **Italy**, the adoption of significant agricultural aid programs there appears unlikely.

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